

LEGAL GUIDANCE

PERSONAL SERVICES CONTRACTING PROCEDURES AND PAY CAP

Congress recently increased the limitation on the amount of compensation for personal services contractors and gave the Secretary of Defense authorization to enter into personal services contracts (PSCs) to carry out healthcare responsibilities in uniformed medical treatment facilities.

- In an effort to provide increased flexibility for PSCs in military treatment facilities, as part of the FY-94 Defense Authorization Act, Congress revised the language of 10 U.S.C. 1091 to increase the limit on total compensation paid to an individual, in any year under a PSC, to a maximum pay cap of \$200,000.
- The new language authorizes the Secretary of Defense to establish by regulation procedures for entering into PSCs with individuals that are exempt from certain competitive contracting requirements established by law.
- The special procedures and exemptions authorized for PSCs with individuals will not apply to PSCs entered into with entities other than individuals.
- The law requires the Secretary of Defense to provide a detailed report to the Congress not later than 30 days after the end of the 180-day period beginning on the date on which the Secretary of Defense first uses the expanded authority.
- The Department of Defense (DoD) must revise their instructions to reflect the changes to existing procedures which will be required to utilize the new congressional authority. This command will provide an update when the DoD issues implementing regulations.

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